

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
AID-05 COME-00 EB-07 FRB-03 XMB-02 OPIC-03 CIEP-01
LAB-04 SIL-01 OMB-01 STR-04 CEA-01 NEA-10 IO-13
AGRE-00 /108 W

----- 090502 /11

R 220839Z DEC 76
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4190
INFO AMEMBASSY PORT MORESBY

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USADB

FOR NAC AGENCIES

E. O. 11652: ADS, DECLAS 3/22/77
TAGS: EAID, EFIN, BP
SUBJECT: ADB LOAN FOR BEEF CATTLE DEVELOPMENT PROJECT IN SOLOMON
ISLANDS

REF: (A) MANILA 19128, (B) PORT MORESBY 1355, (C) TREASURY 76-150

1. ON DEC. 21 ADB BOARD OF DIRECTORS APPROVED SUBJECT
LOAN.
 2. U.S. DIRECTOR COMPLIMENTED BANK ON ITS INTEREST IN
AND ATTENTION TO PROBLEMS OF SOLOMON ISLANDS AND OTHER
SMALL ISLAND MEMBERS OF BANK IN SOUTH PACIFIC.
 3. U.S. DIRECTOR QUESTIONED BANK'S PROJECTION OF BEEF
DEMAND, NOTING IN PARTICULAR THE FORECAST 11.7 PERCENT
RATE OF INCREASE IN PER CAPITA CONSUMPTION DURING PERIOD
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1976-80, FOLLOWED BY 2.5 PERCENT RATE OF INCREASE DURING
1980-85. STAFF EXPLAINED THAT RAPID RATE OF INCREASE
IN EARLIER PERIOD WAS A MATTER OF UNSATISFIED
POTENTIAL DEMAND BEING MET BY MARKETING INNOVATIONS
INTRODUCED UNDER THE PROJECT, TO BE FOLLOWED BY A
MORE "NORMAL" RATE OF GROWTH THEREAFTER. STAFF NOT

ENTIRELY ABLE SQUARE THIS EXPLANATION WITH FACT THAT
MOST MARKETING-PROCESSING INNOVATIONS NOT SCHEDULED
FOR IMPLEMENTATION UNTIL 1978-79. ONLY ONE OTHER
DIRECTOR QUESTIONED BANK'S PROJECTION OF DOMESTIC DEMAND.

4. U.S. DIRECTOR ALSO QUESTIONED RELIABILITY OF HOPED
FOR EXPORT MARKET GIVEN SLOW RECENT GROWTH OF PAPUA
NEW GUINEA-NAURU MARKET AS PRESENTED BY STAFF. STAFF
RESPONSE RELIED HEAVILY ON SOLOMONS GEOGRAPHICAL ADVAN-
TAGE IN THIS RESPECT. RE PARA. 6, REF B, NO MENTION
WAS MADE OF THE ALLEGED QUOTE MINISTERIAL ASSURANCES
END QUOTE.

5. U.S. DIRECTOR ALSO MENTIONED LIKELIHOOD OF DECLINING
BEEF PRICES AND SUGGESTED THAT THE DEVALUATION "SAVING"
MENTIONED REF A, PARA. 12, BE DEVOTED TO THE
RESULTING SUBSIDY PAYMENTS TO FARMERS.

6. RE REF B, USADB DISCUSSIONS WITH BANK STAFF DURING
WEEK PRECEDING THIS MEETING ELICITED THE FOLLOWING VIEWS:

(A) RE PARA. 3, EXISTENCE OF HOLDING GROUNDS WILL
SERVE SUFFICIENTLY TO LOWER COSTS TO FARMERS. ON
MALAITA, ESPECIALLY, IT WILL BE POSSIBLE FOR MOST CATTLE
TO BE WALKED TO ONE OF FOUR HOLDING GROUNDS;

(B) RE PARA 5, STAFF FEEL ONE BUTCHERY EXPERT
AMPLE FOR THE TASK AT HAND.

(C) RE PARA. 8, SMALLHOLDERS WILL RECEIVE A "FAIR
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PRICE" FOR THEIR CATTLE, AND STAFF CAN CONCEIVE OF NO
CIRCUMSTANCES UNDER WHICH SMALLHOLDERS WOULD NOT BE
BETTER OFF THAN IF NO PROJECT.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CATTLE, DEVELOPMENT LOANS, PROGRAMS (PROJECTS), MEATS
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Copy: SINGLE
Draft Date: 22 DEC 1976
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Decaption Note:
Disposition Action: RELEASED
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Margaret P. Grafeld
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